

FISCAL NOTE

SB 1299 - HB 1683

February 19, 2005

SUMMARY OF BILL: Creates a film production tax credit of 25% of all qualified film production expenses, for which a qualified taxpayer can apply to its excise tax liability, effective January 1, 2006, and ending December 31, 2010.

ESTIMATED FISCAL IMPACT:


Decrease State Revenues - \$5,000,000 FY06
\$10,000,000 FY07 – FY10
\$5,000,000 FY11

Assumptions:

- Aggregate credit for all taxpayers cannot exceed \$10 million in any fiscal year.
- Credit can be forwarded for up to five years.
- Department of Revenue submits an annual report to the legislature no later than March 15 of every year on the effectiveness of the tax credit. Such report shall include the names of all taxpayers utilizing the credit.
- Inclusion of the names of all taxpayers utilizing the credit may violate current Tennessee law regarding the disclosure of confidential taxpayer information.
- Department of Revenue paid three motion picture sales tax refunds in 2004 totaling \$189.0 million.
- Estimated decrease in state revenue is \$10.0 million per year.
- Credit will cease for tax years ending after 12/31/2010.
- Given the January 1, 2006 effective date and the December 31, 2010 cease date, half-year impacts will result in FY06 and FY11; full-year impacts will result in FY07-FY10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director